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Special Analysis

YUGOSLAVIA: Threats to Stability Growing

The inability of Yugoslav leaders to stem growing nationalism, political divisions, and economic deteriorations is increasing the prospects for serious instability and setbacks to political liberalization.

Growing ethnic nationalism, both spontaneous and that sponsored by regional leaderships, poses the greatest danger. Serbian leader Milosevic orchestrated the reduction of Kosovo's provincial autonomy, which prompted ethnic Albanian nationalist protests in Kosovo Province last March in which at least 24 people were killed. Macedonian leaders fear a similar outbreak and reportedly are increasing harassment and arrests of local Albanians.

several altercations between Serbs and Croats in Croatia, increased concern in Bosnia about ethnic violence, and growing isolationist and secessionist tendencies in Slovenia.

Widening political divisions between liberal Slovenia and authoritarian Serbia are preventing national agreement on political reform. Slovenia tolerates independent political groups and held the country's first direct competitive election by secret ballot for a federal position last month; Milosevic has orchestrated a pro-Serbian campaign in the republic press and ran unopposed for president of Serbia. Military leaders and federal officials from several republics, including Serbia, reportedly have frequently discussed military intervention to replace Slovenia's liberal leadership.

Economic problems continue to exacerbate ethnic and political strains. The new government of Premier Markovic so far has not made a dent in the country's near-1,000-percent annual inflation rate, its 14-percent unemployment, or its declining living standards. Negotiations for a new IMF standby agreement are not going well. the government has refused wage restraints and is pursuing an expansionary monetary policy, which the IMF regards as unacceptable.

Strife, although probably manageable, may grow in the coming months as federal leaders continue to rely on stopgap measures. Milosevic will probably take additional steps to expand his own power and that of Serbia, and he may try to overturn or co-opt key regional leaderships, such as Bosnia. More outbreaks of localized violence are likely; particularly between Slovenes and Serbs, as preparations for the party congress scheduled for December get under way. In addition, falling living standards may lead to new and larger strikes.

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